as the revised estimate indicated. My expectation in this direction has been more than fulfilled. The revised estimate for the year 1111 anticipated a deficit of 5·54 lakhs. But the actuals of the year closed with a deficit of only Rs. 96,000. As against this encouraging feature the revised estimate for the current year 1112 is disappointing. We prepared the budget of the current year on the basis of a nominal surplus of Rs. 46,000; but the revised estimates indicate a deficit of nearly Rs. 3·50 lakhs. I can only repeat the hope expressed on the last occasion that the actuals of the year 1112 may disclose better results. For the coming year 1113, the budget has been prepared with a surplus of Rs. 1·83 lakhs. The Finance Member will give you in the course of his speech the details regarding the variations under Receipts and Disbursements.

Retrenchment.

2. Last year I gave a review of the financial position of the State and emphasised the fundamental fact of the situation that the resources of the State do not furnish flexible sources of revenue and that the expenditure is gradually mounting up. I concluded by saying that a rigid control has therefore to be kept over almost every department of the State. During the year under review every effort was made to control expenditure, and I had to devote special attention to the problem of the financial equilibrium of the State. My study of this problem has brought to light certain interesting features of the situation which it will be worth while for me to explain to the House. Especially in the light of the various discussions that we had about retrenchment in public expenditure and the report of the Retrenchment Committee which is now in the hands of Honourable Members, it would be worth while to realise what exactly are the possibilities and limitations in the field of retrenchment. From a comparative study of the revenues of the State during the last three years, it may be fairly assumed that the total gross revenue of the State may be put down as Rs. 100 lakhs per year. To get a more accurate idea of the financial position, it would be better to deduct from this the gross receipts under 'Railways' and take only the net yield that the railways give. Taking the income from the railways as approximately Rs. 5 lakhs net, the total net revenue of the State is Rs. 87 lakhs per year.

Need for a Surplus.

3. The common saying that every prudent man must live within his means applies with equal if not greater force to Gov-

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